

February 27, 2003

Marlene H. Dortch
Office of the Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: Federal-State Joint Board on Universal Service CC Docket 96-45
CC Dockets 98-171, 90-571, 92-237, 99-200, 95-116, 98-170

Dear Ms. Dortch:

The Rainbow/PUSH Coalition respectfully submits its comments in strong opposition to a proposal under consideration by the Federal Communications Commission (Commission) that would alter how contributions to the Universal Services Fund are made. Rainbow/PUSH Coalition is a progressive organization that advocates for social change. With a membership of nearly 300,000, Rainbow/PUSH is a national coalition of underserved employees, consumers, and entrepreneurs committed to securing equal protection, opportunity, and access under the law. Consistent with this mission, Rainbow/PUSH seeks to ensure equal access to services, employment and ownership opportunities in the telecommunications industry. The connection-based methodology proposal (CBM) being reviewed at the Commission will pose a disproportionate financial burden on low-income and low-volume consumers. Rainbow/PUSH has a substantial interest in this proceeding, because of the adverse impact that the CBM will have on many of our constituents.

The goals of the USF, as articulated in Telecommunications Act of 1996, include:

- Promoting the availability of quality services at just, reasonable, and affordable rates;
- Increasing access to advanced telecommunications services throughout the Nation;
- Advancing the availability of such services to all consumers, including those in low income, rural, insular, and high cost areas at rates that are reasonably comparable to those charged in urban areas.
- Ensuring that all schools, classrooms, health care providers, and libraries should, generally, have access to advanced telecommunications services.

Rainbow/ Push has serious reservations that the goals of the USF will be thwarted by the CBM. Specifically, the CBM would charge low-volume customers the same as high-volume customers (which include businesses that make many interstate calls), the same flat rate of \$1.00. What this means is that low-volume and primarily residential customers would bear a disproportionate burden of contributing to the UCC. All telecommunications providers are to contribute to the USF based on equitable and nondiscriminatory manner. The current system, which uses a revenue-based

methodology (RBM) is not perfect, however it is far more equitable and nondiscriminatory than the CBM. Under the RBM, telecommunications companies contribute a percentage of their interstate revenue to support the USF.

Rainbow/PUSH notes that under the CBM, certain telecommunications companies who provide service to low-volume and low-income consumers (not synonymous) population will be at a competitive disadvantage. In particular, companies that offer prepaid wireless service to low-income customers are not eligible for the Commission's Lifeline program (a special discount for those who are eligible), which means these customers would have to contribute to the USF the same as those who are not deemed low-income.¹ Prepaid wireless providers have become an increasingly viable option for customers who are not credit worthy; cannot afford activation fees; cannot afford recurring monthly costs; and cannot afford security deposits. Many of our constituents are eligible for the Lifeline program, which we strongly support. As such a methodology that would exclude or penalize our most vulnerable must be reconsidered.

Rainbow/PUSH requests that the Commission maintain the revenue-based methodology. As proposed, the connection-based methodology is not an equitable nor is it a nondiscriminatory means of assessing telecommunications providers' contributions to the USF. Therefore, the Commission must reject the fatally-flawed connection-based methodology.

Respectfully Submitted,

Cleo Fields
General Counsel
Rainbow/PUSH Coalition
1131 8th Street, NW
Washington, DC 20002

¹ Low-income consumers who use prepaid wireless services are not eligible to receive Lifeline support for their purchase of prepaid services. Accordingly, low-income consumers who use prepaid services would be required to pay a flat connection fee *and* remain ineligible to receive lifeline support.